
Consumer Price Index (CPI), Cost-Of-Living and Inflation

DEFINITIONS

The Consumer Price Index (CPI) shows the average change in prices paid by urban consumers for a selection of goods and services over a period of time.

The United States Bureau of Labor Statistics (BLS) classifies those goods and services into the following eight groups:

FOOD AND BEVERAGES (breakfast cereal, milk, coffee, chicken, wine, full service meals and snacks)
HOUSING (rent of primary residence, owners' equivalent rent, fuel oil, bedroom furniture)
APPAREL (men's shirts and sweaters, women's dresses, jewelry);
TRANSPORTATION (new vehicles, airline fares, gasoline, motor vehicle insurance)
MEDICAL CARE (prescription drugs and medical supplies, physicians' services, eyeglasses and eye care, hospital services)
RECREATION (televisions, cable television, pets and pet products, sports equipment, admissions)
EDUCATION AND COMMUNICATION (college tuition, postage, telephone services, computer software and accessories)
OTHER GOODS AND SERVICES (tobacco and smoking products, haircuts and other personal services, funeral expenses).

While the CPI is frequently referred to as a cost-of-living index, technically they differ. A cost-of-living index measures **what consumers must spend** to reach a certain standard of living. According to the BLS, "**the CPI measures inflation as experienced by consumers in their day-to-day living expenses,**" and is considered a better gauge of inflation than a cost-of-living index.

CONSUMER PRICE INDEX RESOURCES

The BLS releases the national CPI figures monthly according to a specific schedule.

The schedule of releases for the Consumer Price Index can be found in the Bureau of Labor Statistics publication **CPI Detailed Report** and on the Internet site

http://www.bls.gov/schedule/schedule/by_prog/cpi_sched.htm

In addition to national monthly CPI data, the BLS publishes monthly figures for four regions: Northeast, Midwest, South, and West.

Local area data are also published monthly for these three major metropolitan areas:

Chicago, Ill., Gary, Ind., Kenosha, Wis.
Los Angeles, Riverside, Orange County, Calif.
New York and Long Island, N.Y., Northern New Jersey.

The BLS publishes data every other month for the following 11 metropolitan areas:

Atlanta, Ga. (January, March, etc.)
Boston, Mass., Brockton, N.H., Nashua, Mass. (January, March, etc.)
Cleveland, Akron, Ohio (January, March, etc.)
Dallas, Fort Worth, Tex. (January, March, etc.)
Detroit, Ann Arbor, Flint, Mich. (February, April, etc.)
Houston, Galveston, Brazoria, Tex. (February, April, etc.)
Miami, Fort Lauderdale, Fla. (February, April, etc.)
Philadelphia, Pa., Wilmington, Del., Atlantic City, N.J. (February, April, etc.)

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San Francisco, Oakland, San Jose, Calif. (February, April, etc.)
Seattle, Tacoma, Bremerton, Wash. (February, April, etc.)
Washington, D.C., Baltimore, Md. (January, March, etc.)

The data for the following 12 metropolitan areas are published semiannually:

Anchorage, Alaska
Cincinnati, Ohio, Hamilton, Ind.
Denver, Boulder, Greeley, Colo.
Honolulu, Hawaii
Kansas City, Mo., Kans.
Milwaukee, Racine, Wis.
Minneapolis, St. Paul, Minn.
Pittsburgh, Pa.
Portland, Salem, Ore.
St. Louis, Mo.
San Diego, Calif.
Tampa, St. Petersburg, Clearwater, Fla.

Recordings of all of these figures can be obtained by dialing 202-691-6994 for current data, or 202-691-5200 for detailed historical information.

In addition to recorded data, faxes of CPI reports can be requested by calling 202-691-6325. It is first necessary to order a faxed copy of the BLS *Ready Facts* catalog, and then to request the specific item by entering the appropriate code number. The BLS will fax up to four items per request.

UNITED STATES BUREAU OF LABOR STATISTICS PUBLICATIONS

CPI Detailed Report, U. S. Department of Labor, Bureau of Labor Statistics. 1974–

Monthly L 2.38/3:

<http://www.bls.gov/cpi>

This publication contains detailed data for the CPI, including historical and current tables.

Monthly Labor Review, U. S. Department of Labor, Bureau of Labor Statistics, 1918–

Monthly L 2.6:

<http://www.bls.gov/opub/mlr/mlrhome.htm>

A resource that covers a broad array of economic material, the *Monthly Labor Review* presents selected additional data and articles about the Consumer Price Index not included in the *CPI Detailed Report*.

ADDITIONAL RESOURCES FOR THE CONSUMER PRICE INDEX

EconStats

http://www.econstats.com/BLS/blss_m1.htm

EconStats provides CPI tables as early 1913 to the present, formatted in EXCEL. These tables are seasonally and not seasonally adjusted, and can be arranged by month, quarter, or year. The sources used are those of EconStats and the Bureau of Labor Statistics.

The Federal Reserve Bank of St. Louis Monthly Consumer Price Indexes

<http://research.stlouisfed.org/fred2/categories/9>

The Federal Reserve Bank of St. Louis shows tables with monthly CPI data from as early as 1946 to the present.

Financial Forecast Center

www.neatideas.com/data/cpimenu.htm

www.neatideas.com/cpi.htm

These sites show Bureau of Labor Statistics CPI figures collected by the Financial Forecast Center, and include graphs for the last 5 years of data and a 6 month forecast of the All Urban Consumer Price Index.

Global Financial Data

www.globalfindata.com/trial/10011.php3

Global Financial Data, a firm that describes itself as “the most complete collection of financial and economic data in the world,” provides free access to graphs of the Consumer Price Index from 1820 to the present.

Inflation Conversion Factors for Dollars 1665 to Estimated 2015

http://oregonstate.edu/dept/pol_sci/fac/sahr/sahr.htm

Professor Robert Sahr of the Oregon State University Political Science Department has provided tables with conversion factors that show changes in the Consumer Price Index from 1665 to 2015. The numbers for the years before 1913 are estimates.

McCusker, John J. *How Much is That in Real Money?: A Historical Price Index for Use as a Deflator of Money Values in the Economy of the United States*. Worcester, Mass.: American Antiquarian Society, 1992. HB235 U6 M39 1992

This resource includes tables of the annual Consumer Price Index from 1700 to 1991 for the United States, and from 1600 to 1991 for Great Britain.

What is a Dollar Worth?

<http://woodrow.mpls.frb.fed.us/research/data/us/calc/>

The Federal Reserve Bank of Minneapolis maintains a calculator that compares CPI rates from 1913 through 2005 and provides index estimates from 1800–1912.

COST-OF-LIVING AND INFLATION RESOURCES

ACCRA Cost of Living Index, American Chamber of Commerce Research Association, Louisville, Ky. 1972–present
Quarterly

The American Chamber of Commerce Research Association (ACCRA) produces this publication that measures the relative price levels for consumer goods and services in selected metropolitan areas. These areas can vary from one quarter to another, and consist of those cities that voluntarily participate with the American Chamber of Commerce.

INTERNET RESOURCES

Sperling's Best Places

<http://www.bestplaces.net/col/col.aspx>

The organization Fast Forward, Inc. produces studies of “best places” in the United States that includes a feature that allows a comparison between two cities’ cost of living and the difference in salaries required to maintain the same standard of living.

DevelopmentAlliance.com

<http://www.developmentalliance.com/demog/>

DevelopmentAlliance.com is a product of the International Economic Development Council and Conway Data, Inc. that includes the consumer price index for every county in the United States. The data, found under the heading Quality of Life, is updated annually in July, and uses government figures from the Bureau of Labor Statistics. Registration is required.

The Inflation Calculator

<http://www.westegg.com/inflation/>

This site offers The Inflation Calculator, which, using Consumer Price Index formulas, calculates the inflation of any given amount of money from the years 1800 to 2005. It conveniently shows what a dollar in one year is worth in another year.

AIER Cost-of-Living Calculator

<http://www.aier.org/colcalc.html>

The Cost-of-Living Calculator, a product of the American Institute for Economic Research (AIER), is another site that uses Consumer Price Index data from the Bureau of Labor of Statistics to convert the value of a dollar from one year to another, covering the years 1913 to 2005.

Cost-of-Living Calculator

<http://www.newsengin.com/neFreeTools.nsf>

Describing itself as a provider of “. . . software development and consulting services to the news industry,” News Engin Inc. converts dollar values for the U. S. City Average Cost of Living from 1913 to 2004, using the Bureau of Labor Statistics’ historical Consumer Price Index for urban consumers. Also shown are different annual calculations for the following metropolitan areas:

- Boston-Brockton-Nashua, Mass.-N.H.-Conn.
- Chicago-Gary-Kenosha, Ill.-Ind.-Wis.
- Cleveland-Akron, Ohio
- Dallas-Fort Worth, Tex.
- Detroit-Ann Arbor-Flint, Mich.
- Houston-Galveston-Brazoria, Texas
- Los Angeles-Riverside-Orange County, Calif.
- Miami-Fort Lauderdale, Fla.
- Midwest Urban
- New York-Northern New Jersey-Long Island, N.Y.-N.J.-Conn.-Pa.
- Northeast Urban
- Philadelphia-Wilmington-Atlantic City, Penn.-N.J.-Del.-Md.
- Pittsburg-Pa.
- San Francisco-Oakland-San Jose, Calif.
- South Urban
- St. Louis, Mo.-Ill.
- West Urban

CJR Dollar Conversion Calculator

<http://www.cjr.org/tools/inflation/index.asp>

On this site, the Columbia Journalism Review maintains Professor Sahr’s Dollar Conversion Calculator. This device converts the individual yearly value of a dollar from as early as 1800 to its value in 2002.

How Much Is That Worth Today?

What Was the Inflation Rate Then?

<http://eh.net/hmit/ppowerusd/>

<http://eh.net/hmit/compare/>

EH.Net is an organization owned and supported by the Business History Conference, the Cliometric Society, the Economic History Association, the Economic History Society, and the History of Economics Society. It has produced two sites, one of which compares the “purchasing power” of an amount of dollars from 1665 to any other year including 2003, and another that computes the inflation rate from 1789 to 2003.

The Salary Calculator

<http://www2.homefair.com/cal/salcalc.html>

Homestore.com, a company specializing in the real estate industry, produces The Salary Calculator, allowing a comparison of the cost of living between two cities at a time. For example, someone earning \$50,000 annually in Richmond, Virginia would need to earn \$85,523 in Alexandria, Virginia.